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MARKETING ACTIVITIES

Consumption of
Dairy Products

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Our cover theme is June Dairy Month. And our cover girl, of course, is the Dairy Princess, Miss Ruth Marie Peterson, of Austin, Minnesota.

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Consumption of Dairy Products

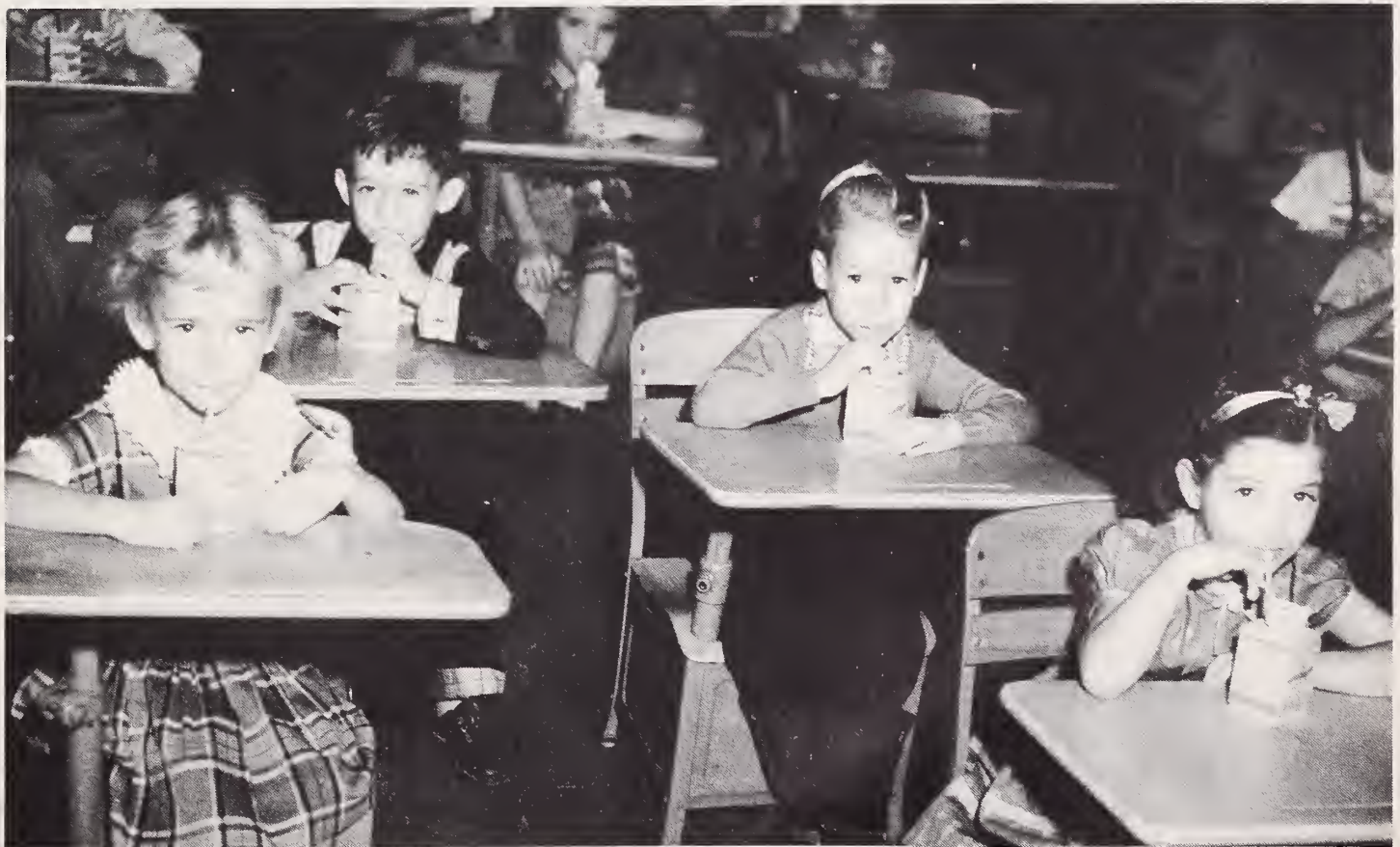
By Herbert C. Kriesel

Americans are consuming more dairy products, per person, this year than any year since 1951. In the past year, consumption of evaporated milk declined a little, but several other items have increased; so that combining the many items on a milk-equivalent basis shows an increase.

The record low consumption per person, on a milk-equivalent basis, was 682 pounds in 1953. By 1955, it was back to 700 pounds. This compares with the 1947-49 average of 732 pounds and 1935-39 average of 791 pounds. The prospective increase for 1956 will not bring more than a 1-percent gain over 1955.

Factors Contributing to Increased Consumption

Several factors have contributed to the gain in consumption of dairy products since 1953. These include: Growing incomes of consumers, lower retail prices for many dairy items, expanded promotional activities by private or cooperative firms and by dairy trade organizations, Special School Milk Program inaugurated in late 1954 and greatly expanded since, and distribution of increased quantities of butter and cheese to school lunches and other eligible domestic outlets.



In 1955, nearly 1.5 billion pounds of milk were distributed to school children.

Decline in Demand for Milk Fat

The fact that per capita consumption of milk products as a group in several recent years has been lower than any on record before 1952 is primarily a reflection of a declining demand for milk fat or for products containing milk fat. Consumption per person of the solids-not-fat in the various dairy products is at a record high. And, it's the solids-not-fat component of milk that nutritionists emphasize most as a reason for not using whole milk products or skimmed milk dairy products.

In 1955, per capita consumption of milk solids-not-fat reached a record 49.3 pounds. The 1947-49 average was 46.6 pounds; 1935-39, 39.6 pounds; and 1925-29, 37.7 pounds. Most indications point to a continued increase in consumption of solids-not-fat.

Nature's Single Most Perfect Food

Substitutes for elements contained in the solids-not-fat portion of milk are not readily available. Retail cost of these elements compares favorably with alternative sources. And, of course, the unique combination of many of these elements in milk, along with milk fat, mainly accounts for milk being described as "nature's single most perfect food."

Fluid Whole Milk

Consumption of fluid whole milk is considerably higher now than it was before World War II. It is somewhat below levels reached during the war when retail price ceilings were in effect and supplies of other goods were inadequate. In 1955, average consumption per person of fluid milk and milk equivalent of cream was 352 pounds, the same as in 1949, 1951, and 1952. This compared with the wartime peak of 399 and the 1935-39 average of 330 pounds.

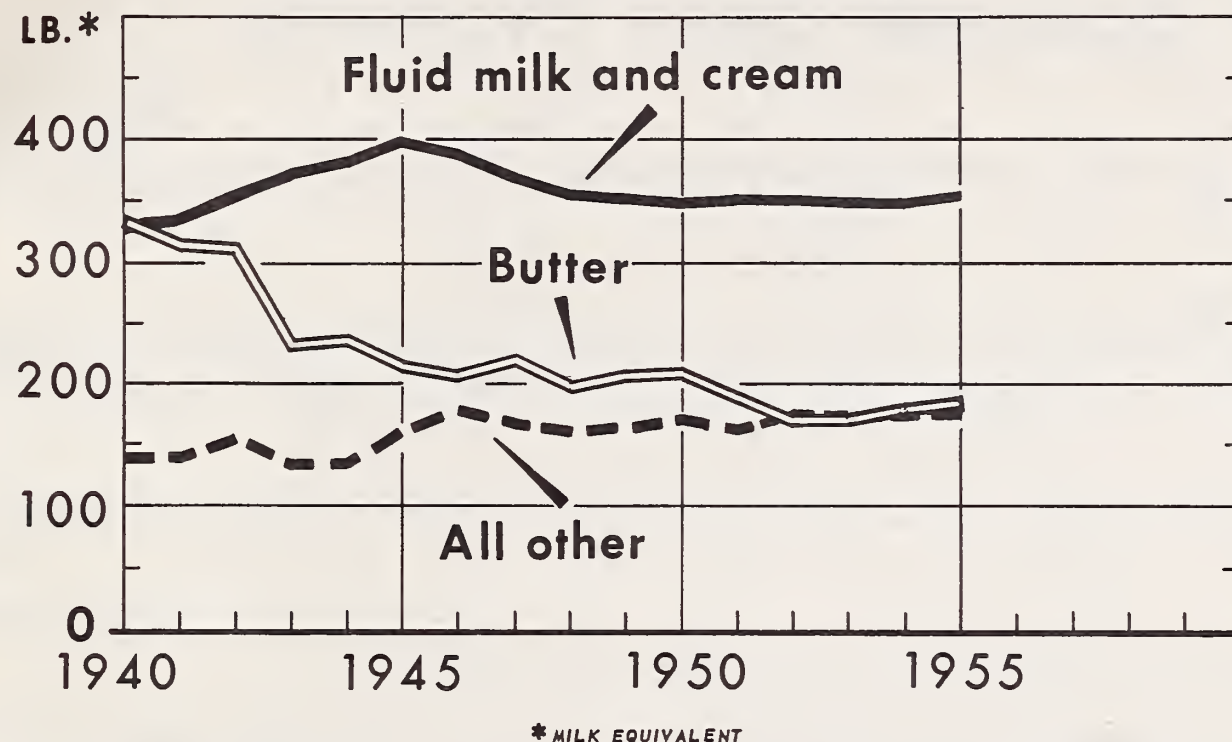
Consumption of fluid milk, measured on a basis of solids-not-fat, undoubtedly shows a much larger increase in recent years than is indicated by above data. This is because cream consumption has been declining for several years and the average fat content of whole milk has been reduced. Moreover, consumption of low fat or skimmed milk items has shown steady increase for several years.

Increased Efforts By Distributors

Helping this along are increased efforts by distributors to make these items available to consumers to satisfy "impulse-buying" demand, and some increase in emphasis by consumers on cutting down intake of fats--using low-fat or no-fat milk instead of whole milk.

The School Milk Programs have helped to increase consumption of fluid whole milk in this country. In 1955, nearly 1.5 billion pounds of milk were distributed to school children, with some help of Federal funds. This is equivalent to about 9 pounds for each person in the United States. However, all of this increase may not represent a net increase over what consumption otherwise would have been.

CONSUMPTION PER PERSON OF MAJOR DAIRY PRODUCTS



U. S. DEPARTMENT OF AGRICULTURE

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Fluid Milk and Cream Account for 50 Percent of Market

Fluid milk and cream account for about half the average consumption of dairy products by Americans. In terms of milk equivalent, fat solids basis, the second most important item is butter. At 8.9 pounds per capita in 1955, butter accounted for the equivalent of about 180 pounds of milk. Of course, butter usually is bought for different reasons than is whole milk and cream. Butter consumption hit a record low in 1953 at 8.4 pounds, half the 1935-39 average. Part of the increase since 1953 is the result of distribution of butter from CCC stocks to schools and other recipients at little or no costs.

Ice Cream at Near-Record Level

Ice cream consumption has increased considerably over the last two decades and will be a near-record, in total, this year. Still, on a per capita basis, it will not be as high as during World War II. Sales of low-fat ice cream has been increasing considerably. This is another use for solids-not-fat.

Cheese consumption fell off a little in 1955. An increase in the use of natural cheese was not quite big enough to offset a decline in the use of processed cheese. Cheese use, at nearly 8 pounds per person, is relatively high when we consider it was less than 5 pounds until the mid-1930's. Average use of nonfat dry milk reached a record in 1955 and will again be high this year. Likewise, most other dairy items will be near the consumption levels attained in 1955.

Household Purchases Of Selected Dairy Products

By Mardy Myers

Here are some interesting highlights from AMS periodical reports on household purchases of butter, cheese, and nonfat dry milk solids:

*The household market for butter currently is more than holding its own in the face of slightly higher butter prices. Household purchases of butter for home use were larger each month during the 24 months ending March 31, 1956, than in the same month a year earlier.

*Householders are buying more natural cheese but less processed cheese products.

*Householders bought 20 percent more nonfat dry milk solids during the summer of 1955 than in the summer of 1954.

Each month, since April 1954, the Market Development Branch of the Marketing Research Division has issued reports on estimated consumer purchases of butter, cheese, and nonfat dry milk solids. The dairy industry uses the data in these reports to evaluate current trends in consumption and to redesign and redirect promotional and advertising campaigns. USDA uses these reports to appraise the effectiveness of its various dairy programs.

The information for these series of reports is obtained by AMS from the National Consumer Panel of the Market Research Corporation of America. The estimate of consumer purchases is based on information obtained from a national panel of about 5,800 families who report their food purchases each week to the Market Research Corporation. Beginning with the report for April 1956, the household purchase data will cover fluid whole and skim milk and butter only.

AMS also reported on consumer purchases quarterly by regions and sales outlets. Its annual reports were related to family characteristics such as income, age of housewife, education, and occupation.

Butter

According to these periodical reports, householders bought 5 percent more butter in the period April 1955-March 1956 than they did a year earlier. There was a 4-percent gain in the percentage of families buying butter, and a slight gain in the average size of the purchase they made.

When marketing researchers analyzed butter and margarine purchases of the families, they found that butter improved its market position among the "white collar" class, in homes with housewives who were 45 or older, among smaller families, and in households with school-age children.

One market segment in which butter failed to improve its position was in homes having children under 6 years of age.

The North Central and the Northeastern areas account for 80 percent of household use of butter but only 60 percent of the population. Butter purchase data for the North Central region householders indicated smaller gains during the last quarter of 1955 and the first quarter of 1956, compared with the same periods a year earlier, than was true for the nation as a whole. The Northeast, however, showed larger gains.

Nonfat Dry Milk Solids

Nonfat dry milk solids purchases for home use started moving up in January 1955. During the summer of 1955 they were 20 percent larger than in the summer of 1954. This followed an intensive campaign on the new "instant" nonfat dry milk solids and occurred even though consumers reported higher prices than a year earlier. The most recent data available on home use of nonfat dry milk solids indicates that during the first quarter of 1956 consumers were maintaining the high purchase rate of a year earlier.

Other information received for nonfat dry milk solids shows that although there is an apparently inverse relationship between income and per capita purchases, households having a college-educated person as head were more apt to buy this product than were other families. Regional data on home purchases of nonfat dry milk solids indicated that their best market is in the Pacific, Mountain-Southwest, and Southern States. However, North Central States households reported the largest gains during the 12 months ending March 31, 1956, over a year earlier.

Cheese

Household purchase data on cheese show a shift toward natural and away from processed types. This is reflected in a 4-percent gain in total natural cheese purchases, but a 15-percent decline in total processed cheese purchases. Particularly noticeable is a drop of about 40 percent in purchases of processed cheese foods from a year earlier. This has been associated with certain changes in merchandising practices by the cheese industry. Cottage cheese purchases for household use during the 12 months ending March 1956 showed little change over year-ago levels.

Pacific Coast States householders are well out in front in their per capita purchases of American and cottage cheese. Factors other than price would seem to account for this difference. The Northeast States provide the best household market for natural cheese purchases other than American. This may be associated, to a great extent, with the size of community. This, in turn, may be related to product availability in retail stores.

Some of the more noticeable patterns of cheese buying were the tendency for higher income families to buy more natural and processed cheese (excluding foods and spreads) and a higher per capita purchase rate for most cheese types by householders with older housewives, those with no children, and small-size family groups.

Banana Receiving Methods

by S. W. Burt

The 4-wheel banana truck proved to be the most efficient type of equipment to use for receiving bananas in a recent AMS study. Researchers studied 7 methods of receiving green bunches of bananas from railroad cars or motortrucks and hanging them in ripening rooms.

Along with the 4-wheel truck method they included: manual (no equipment); 2-wheel bunch truck; continuous powered monorail conveyor; manual monorail conveyor; manual monorail "ripen on carrier" conveyor; and the forklift truck.

The 4-wheel truck method was the most efficient at a labor rate of \$1.25 per hour and a transport distance of 100 feet. Based on an annual 300-car volume the combined labor and equipment cost for receiving was \$6.40 a car. It also remained the least costly for volumes up to 500 carloads annually, which was the highest considered in the study.

Three-Man Crew

In the 4-wheel truck method the crew consists of 3 men. One man manually lifts bunches from the car floor and hangs them on the truck. Then he pushes the loaded truck out to the receiving platform, and returns to the car to load another truck.

The second man moves the loaded truck to the ripening room. He then returns an empty truck to the car. The third man removes the bunches from the truck and hangs them in the ripening room. Three trucks are needed to operate properly.

Costs Varied

Costs for other methods ranged from \$7.39, for the manual monorail conveyor, to \$9.72 for the manual monorail "ripen on carrier" system. The latter figure is over half again the cost for the 4-wheel truck method. This difference is attributed almost entirely to the cost of equipment. "Ripen on carrier" equipment eliminates manual hanging of bunches in the ripening room. But the total labor cost increases slightly over the 4-wheel truck method. Labor costs shown do not include certain classes of unproductive time in a plant, such as changing jobs.

These same cost relationships apply to a 500-car annual volume.

At this volume the cost of the conveyor system is distributed over 200 more carloads, but additional conveyor equipment is required to handle the increased volume.

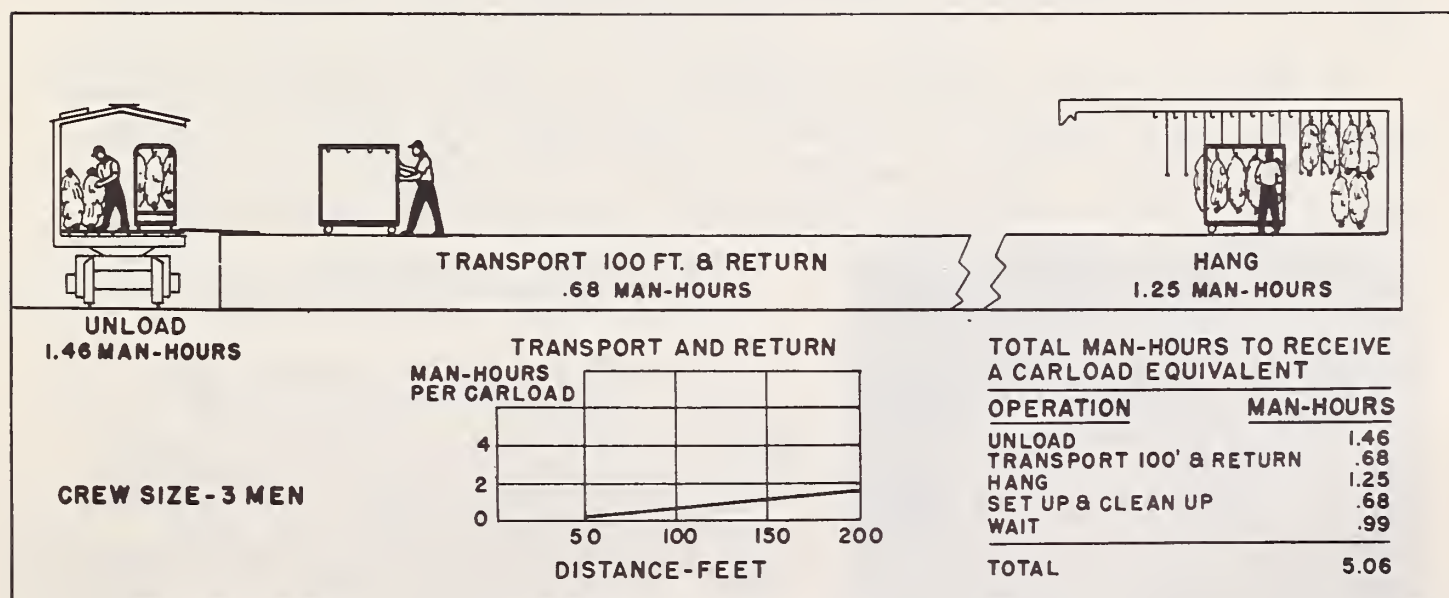
High-priced, mechanized handling systems must be justified by decreasing labor requirements. In addition they should not increase bruising or other damage to a point where the loss of fruit exceeds the savings in labor.

In this study, mechanized systems did not decrease labor requirements. Thus the low-priced, manually operated 4-wheel banana truck remains the most efficient item of handling equipment.



Four-wheel banana truck.

Four-Wheel Banana Truck Method



Aids To Warehousemen

By Theodore H. Allegri

Little things mean a lot...many times small improvements far outweigh the more spectacular advances of productivity in the long run. Here are 4 examples of small items that can increase efficiency in warehouses.

1. A barrel diameter measure...
2. a thermometer protective covering...
3. a thermometer carrying box...
4. and, a forklift truck coupling.

These items simplify tasks, reduce breakage, and tend to improve employee morale.

Barrel Diameter Measure

This device is used to measure the bulged diameters of barrels, kegs, drums, and other cylindrical containers, otherwise not easily measured. The need for such a measurement comes from the advantage of nested stowage patterns over rectangular ones. The first row of a nested pattern occupies a space as wide as the full container diameter, but each additional row occupies a space only 0.866 as wide.

A drawing of the measure is shown in figure 2. A small clearance should be left between the slide and measuring arm so the slide may be moved readily. Plywood may be used for the gussets. All parts should be fastened with flathead wood screws and be countersunk.



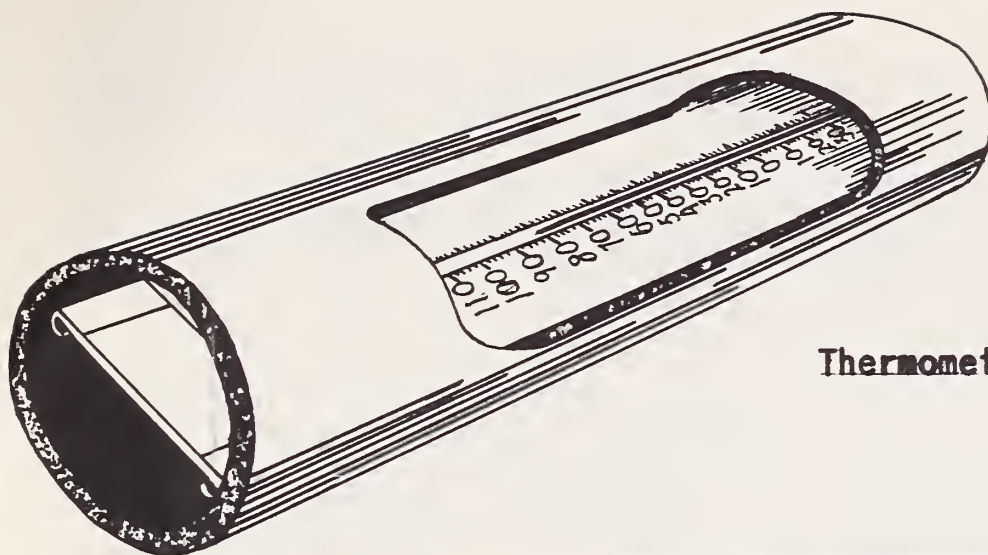
Barrel diameter measure.

Thermometer Protective Covering

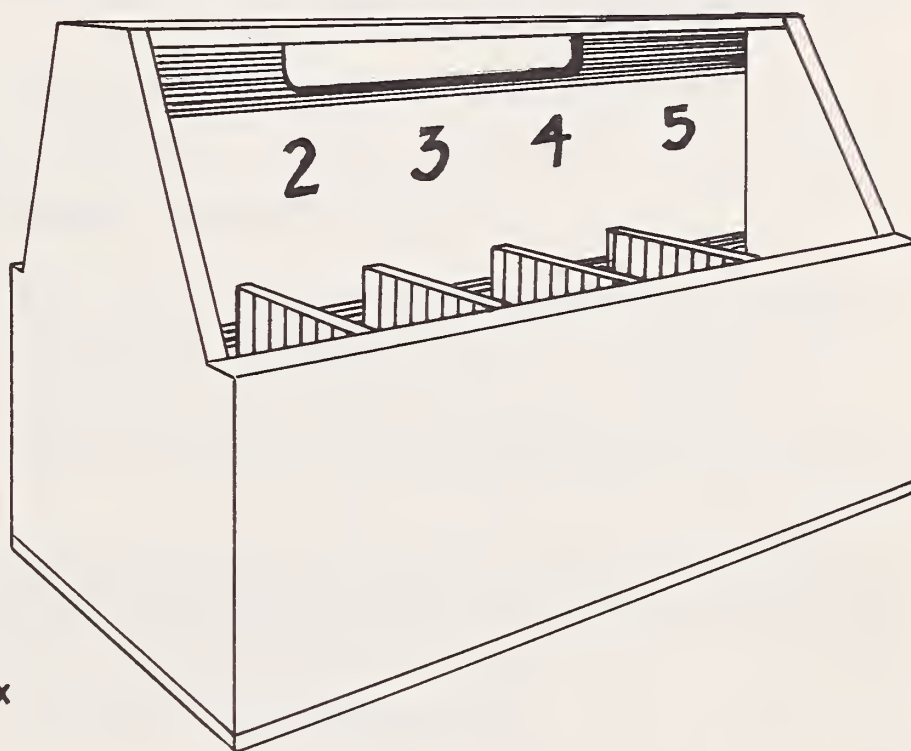
A short length of rubber hose can protect thermometers from rough treatment. It also allows greater freedom in placing thermometers in railroad cars or trucks. The reading slot should not be made larger than necessary.

Thermometer Carrying Box

This box permits easy handling of thermometers on busy loading platforms. Numbers on the box permit the user to easily identify the thermometer with the carload. Bills of lading may be



Thermometer Protective Covering

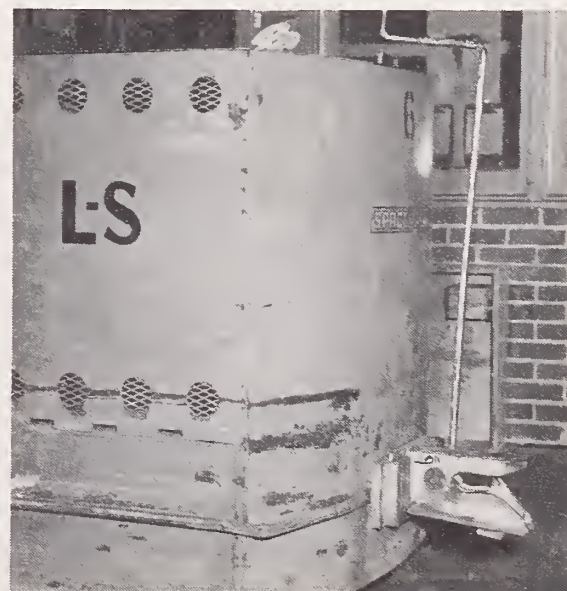


Thermometer Carrying Box

placed in the thermometer space. Drawings are shown in figure 1.

Forklift Truck Coupling

A coupling for a forklift truck can be made at a small cost. Of course the draw-bar pull of the truck must be adequate to permit the additional load on the motor and transmission of the truck. As a general rule, if the forklift truck is in good condition and of at least 4,000 pounds capacity, it is possible to use the coupling safely. Detailed drawings of the coupling are available upon request.



Forklift truck coupling.

Thermometer Carrying Box

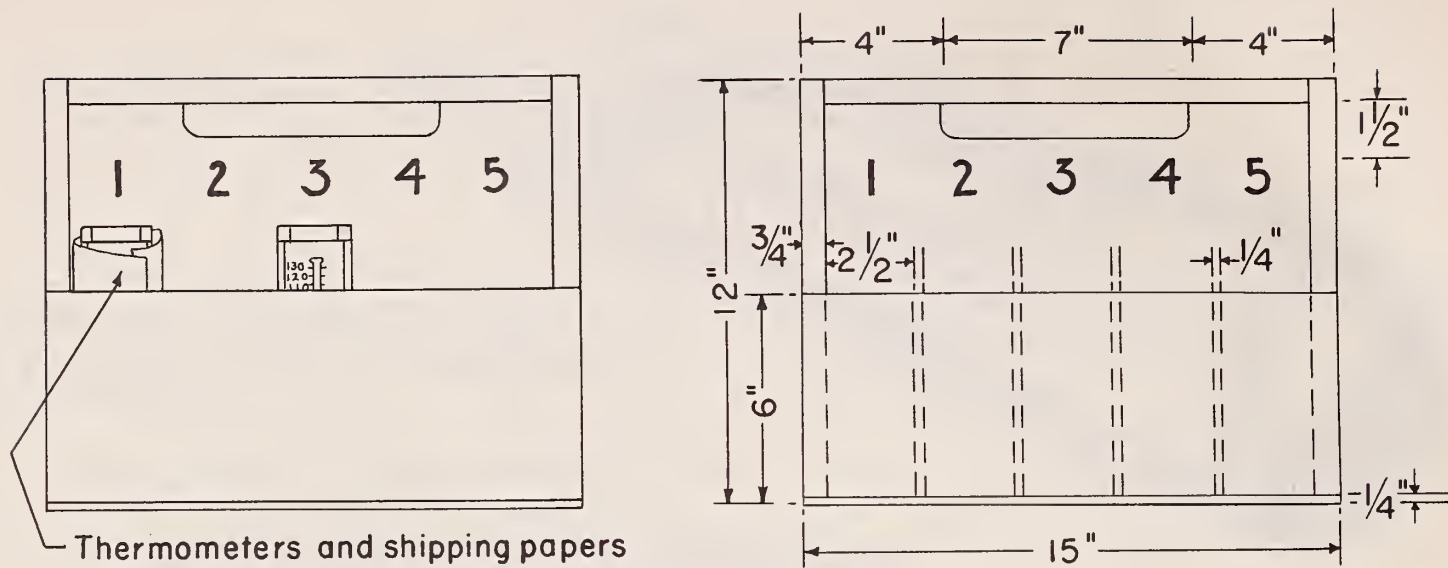
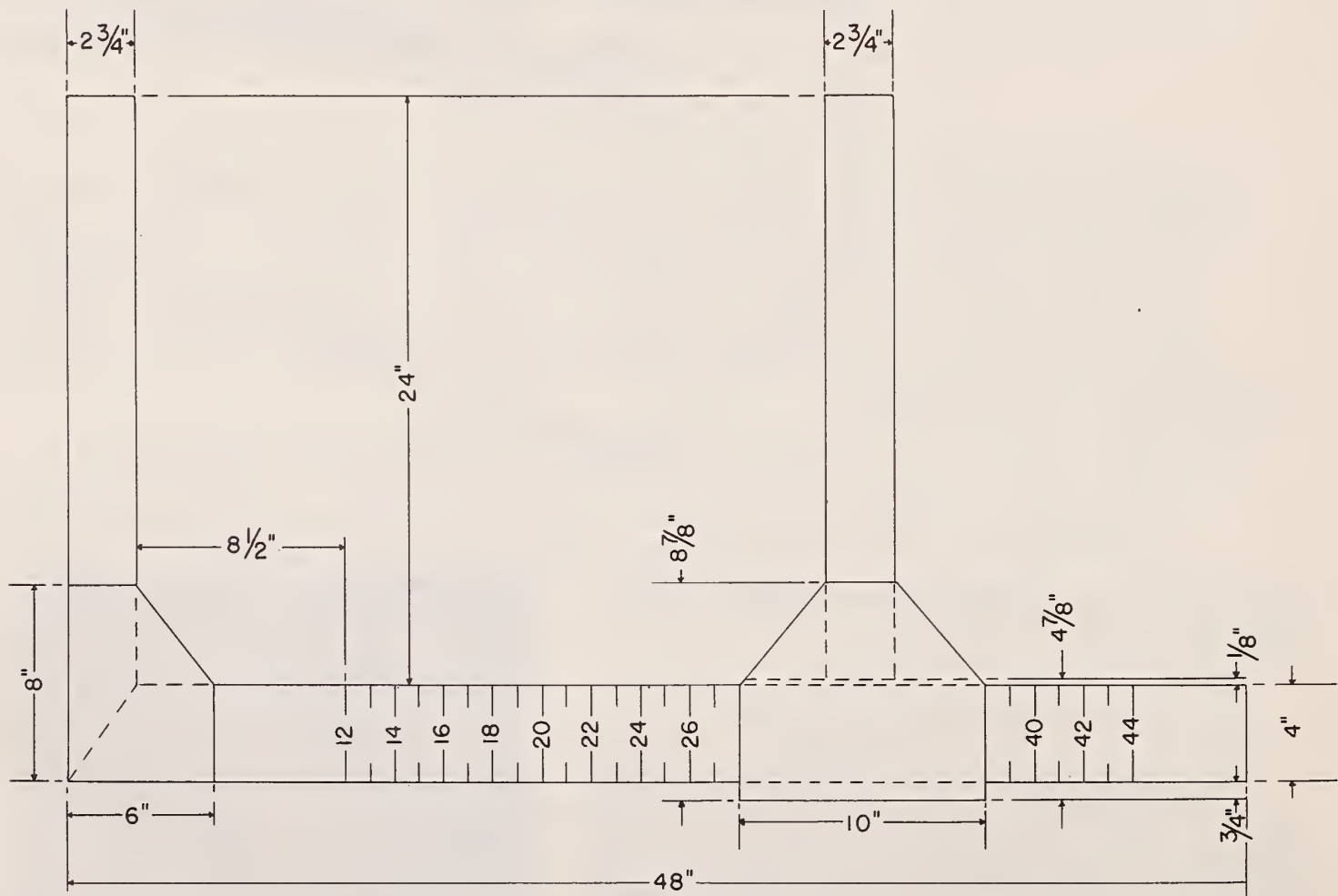


FIGURE 1.

Barrel Diameter Measure



NOTE:
 Make gussets of plywood
 All other lumber 1" (nominal) hardwood
 Use flathead brass wood screws throughout and counter-sink

FIGURE 2.

Inverted Loading Cuts Basket Breakage

by P. L. Breakiron and W. H. Redit

Marketing researchers have come up with some more findings on loading tub baskets in railroad cars. In 1954, they reported inverting, loading every other basket upside down, reduced transit damage of Georgia and South Carolina peaches (MARKETING ACTIVITIES, January 1955).

Now, tests with bushel baskets of Colorado peaches and half bushel baskets of Idaho fresh prunes have confirmed those findings. Additional inverting tests will be run this year with Georgia and South Carolina peaches.

The Marketing Research Division of AMS compared the conventional end-to-end offset load with the inverted load. Practically all baskets of peaches, fresh prunes, peppers, cucumbers, and egg plant are shipped in the offset load. It is estimated that handling damage to these commodities in transit is more than one-half million dollars a year.

Preliminary results indicate that inverted loading may reduce these damages by as much as two-thirds. This could mean a saving of more than one-quarter of a million dollars a year.

Saving in Refrigeration

The inverted load also makes possible a saving in refrigeration costs. A greater number of baskets can be loaded in the same amount of space in a refrigerator car. Potential savings on a carload of Idaho fresh prunes, shipped in one-half bushel baskets to New York City, average about 0.5 cent a basket, or \$5 a car.

During the 1955 season, 17 alternately inverted loads of peaches in bushel baskets were shipped from Colorado. In 13 of the loads no damage was reported. The overall basket breakage averaged less than 1 percent. This compares with average damage of 5.8 percent for all conventional loads unloaded in the same areas as the inverted loads.

Other favorable results were obtained on Idaho fresh prunes in one-half bushel baskets. Basket breakage in 21 inverted load test shipments averaged a little more than 1 percent as compared with 5 percent damage for 7 conventional loads. The damage rate of the 7

check loads was very close to the average damage rate reported for several hundred cars by railroad inspection agencies.

•Little Difference in Bruising

Federal inspection reports revealed little or no difference in fruit bruising between the upright and inverted baskets. Half of the baskets in the alternately inverted load are in the same position as they are in the conventional load. So direct bruising comparison on the same fruit in the same car was possible. This comparison included moderate and severe bruising, sufficient to affect the grade of the commodity, and slight bruising, not sufficient to affect the grade.

In the case of the peaches there was little or no difference between the inverted and upright baskets. Most of the bruising that did occur in both upright and inverted baskets was confined to soft ripe fruit. Slight bruising in the inverted baskets of prunes was somewhat greater than in the upright baskets. Most of this was associated with a very high crown on the faces of the packs of this fruit.

Bruising in both upright and inverted baskets of peaches and prunes can probably be reduced. Macerated paper-filled cover pads,



The inverted load.



The conventional end-to-end offset load.

similar to those used in the baskets of eastern peaches, could be used instead of the corrugated pads presently in use in Colorado and Idaho.

Cooling rates of the inverted and conventional load were found to be about the same. This information was obtained on shipments of non-precooled fruit. Recording thermometers were placed in 3 different positions in the middle layer of each type of load.

Greater Solidity

Reduction of basket breakage and damage in the inverted load is due to its greater solidity and to its resistance to lengthwise impacts that ordinarily result in some basket breakage in the conventional load. Because of the semiconical shape of the baskets, the side-to-side area of contact between baskets in the conventional load is confined entirely to the top rims of the baskets. The rim area is usually the weakest and most flexible part of the container. This condition is aggravated if the covers are not tightly fitted and properly secured.

In the inverted load, shippers take advantage of the shape of the baskets to stow them together tightly to produce a solid, compact load. This load pattern greatly increases the area of contact between the baskets, and the force of lengthwise thrusts received by the load is dispersed over a greater area of basket surface.

Grand Rapids Plans A New Wholesale Food Center

By Harry G. Clowes

Civic leaders, farmers, and businessmen of Grand Rapids, Mich., are planning a new wholesale food center for their city to provide for present and future needs. On June 5th, they will gather in public meeting to view a scale model and plans for a 192-acre wholesale market proposed, at their request, by the Marketing Research Division, Agricultural Marketing Service.

The proposed market would cost over \$1,200,000 for land, and for facilities for fresh fruits and vegetables. Buildings for other commodity groups would be built by individual wholesalers on land leased and bought by the marketing authority. These would cost an additional \$9,000,000. But the plan offers an annual potential saving of more than \$1,900,000 in food handling costs.

The 1955 session of the Michigan State Legislature has passed enabling legislation which empowers Michigan cities to develop food marketing authorities to construct and operate wholesale food centers within and outside the corporate city limits. The Governor has signed this bill. The city government is now preparing an ordinance to facilitate the new wholesale food center.

To finance the acquisition of sufficient land area and construction of buildings and service facilities, the State legislature has authorized the issuance of revenue bonds.

Need for New Market

The Wholesale Market Subcommittee of the Agri-Hort Committee of the Grand Rapids Chamber of Commerce originally asked AMS to assist it in planning and constructing wholesale fresh fruit and vegetable marketing facilities. A new highway system, extending across the northern end of the city market and occupying about one-third of it, will displace most of the present facilities now available. Congestion and operating costs of the present produce market also prompted efforts to relocate these facilities. The volume of business on the municipal wholesale market has been declining for at least 15 years. Buyers and sellers have become increasingly dissatisfied with present facilities.

AMS specialists, in cooperation with the Department of Agricultural Economics, Michigan State University, began their study in 1955. But it became apparent early in the study that wholesale market facilities for other food commodities were also in need of replacement.

Hence, plans for the study were expanded to include--in addition to fresh fruits and vegetables--poultry, eggs and dairy products, meats and meat products, and dry groceries.

This is what the study attempted to do:

1--Analyze the present wholesale food market situation and determine the adequacy of facilities and handling methods, in light of the present and future needs.

2--Suggest and describe new marketing facilities which would adequately provide for efficient marketing of food supplies in Grand Rapids.

3--Estimate total costs of construction, operating expenses, and sources of income of the proposed new market facilities.

4--Estimate potential benefits to be secured from construction of a new and modern food center in Grand Rapids.

Trading Area

Grand Rapids is the largest market in Michigan outside of Detroit. It is the major metropolitan area in the 25-county western area of the State. In 1955, over 600,000 persons lived in the Grand Rapids retail trade zone, of whom 250,000 were within the city boundaries. The city itself is the headquarters of several major wholesale groups and chain-store grocery concerns, distributing to a large area of western Michigan. There are over 400 retail food stores in the city.

During 1954, Grand Rapids received, by rail and motortruck, approximately 36,600 carlot equivalents of food and allied items. Many shipments of perishable food items originated in western Michigan and nearby producing areas. A large proportion of the rail receipts of fresh fruits and vegetables originated in major commercial producing areas of Florida, Texas, Louisiana, and California.



Grand Rapids, Michigan

Practically all the poultry and egg shipments came from commercial production areas within a 50-mile radius of Grand Rapids. Some butter and cheese was received from Wisconsin and Minnesota but most originated in Michigan. Practically all meats came from Chicago and other mid-western producers and processing houses. The city's dry grocery wholesalers received items from practically all of the 48 States and from several foreign countries.

Present Facilities

In 1954, volume of business of wholesale food establishments amounted to approximately \$130,000,000. This business was carried on by 90 independent wholesalers, 4 chainstore organizations, and 3 public cold storage warehouses. The national meat packer facilities are included as independent wholesalers because of their operating practices.

More than half of the independent fresh fruit and vegetable dealers, all but one of the 15 grower-truckers, and all of the 19 trucker-dealers of fresh fruits and vegetables are located in the present municipal wholesale produce market. In addition, 2 poultry, egg, and dairy wholesalers; 3 meat and meat products wholesalers; and 1 frozen-food wholesaler are located in the general vicinity of the market. Dealers located in other areas of the city include: 35 independent wholesalers, 4 chainstore warehouses, and 3 public cold storage warehouses.

Transportation Facilities

Grand Rapids is served by 4 major railroads, 1 air-freight line, 3 major bus lines, and 15 major truck lines operating in and out of the city terminals. The city is well served by a network of paved highways which connect it with major food-producing areas, with nearby areas of consumption in western Michigan, and with the large metropolitan centers such as Chicago and Detroit. The major highway routes are US 131--a direct route to southern producing areas--and US 116 from Benton Harbor to Detroit.

Facilities Proposed

Buildings are arranged, on the general plan proposed by USDA, to house in the same area all wholesalers handling the same general type of food product. The commodity areas are so arranged in sequence that buyers who need supplies of several groups of commodities do not have to travel far to obtain supplies of related items.

The site to be selected consists of about 192 acres, including the expansion area for allied food industries. The amount of space recommended for wholesalers who would occupy stores in the market is considerably less than they occupy in present facilities. Many of them now occupy buildings that are not designed for handling efficiency.

The arrangement of the facilities needed now is planned with a view toward an orderly development of the overall market in the future. However, these overall plans will undoubtedly change many times before the project is completed, to meet changing conditions.



A shed in the present municipal wholesale produce market.

Estimate of Potential Savings

The principal justification for constructing a new wholesale food center is that such a change would cut costs through increased marketing efficiency. Estimates were made of potential savings that might be effected.

AMS economists studied the costs of 5 representative dealers handling about 35 percent of the fruits and vegetables in Grand Rapids. Handling costs alone were calculated at about \$110 per carlot or equivalent for rail receipts and \$62 for truck receipts.

If these costs are assumed to be representative of the total fruit and vegetable unloads, it is possible to estimate the costs of the total car-load receipts by using these calculations. This method indicates that the cost of unloading, handling, and moving out of stores cost dealers of Grand Rapids \$1,000,137 a year. Estimated costs to the dealers of poultry, eggs, and dairy products were approximately \$682,989; meat and meat products, \$169,736; and dry groceries, \$723,683, or total estimated annual cost of \$2,576,545.

The benefits in handling were estimated for fruits and vegetables by subtracting the estimated handling costs for handlers in a modern food center from the present estimated costs. This would result in the maximum benefits of \$748,121, or a saving of approximately 75 percent of the present handling costs.

Annual savings to poultry, eggs, and dairy products wholesalers were estimated at \$575,395; meats and meat products dealers, \$103,170; and to dry grocery wholesalers, \$549,148. Total savings for the 4 commodity groups amounted to \$1,975,834.

Although rent would cost more on the new market, it would be more than compensated for by the savings in handling costs.

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**MERCHANDISING OPPORTUNITIES
FOR THE MONTH OF JULY**



ICE CREAM FESTIVAL

July Picnic Month

**Summertime Tuna Time
June 1 - July 15**

**Midsummer Turkey Time
July 26 - August 4**

**NATIONAL VEGETABLE WEEK
July 27 - August 3**